

DRAFT TFCA REGIONAL FUND POLICIES AND EVALUATION CRITERIA FOR FY 2006/07

The following policies apply only to the TFCA Regional Fund. These guidelines do not apply to the TFCA County Program Manager Funds or the Vehicle Incentive Program (VIP).

BASIC ELIGIBILITY

- 1. Reduce Emissions:** A project must achieve surplus motor vehicle emission reductions within the Air District's jurisdiction to be considered eligible for TFCA funding. Surplus emission reductions are those that exceed State and federal regulations at the time the Air District Board approves a grant award. Planning activities (e.g., feasibility studies) that are not directly related to the implementation of a specific project are not eligible for TFCA funds.
- 2. TFCA Cost-Effectiveness and Minimum Score:** The Air District Board will not approve any grant application for TFCA Regional Funds for a project that has: a) a TFCA cost- (i.e., funding) effectiveness level equal to or greater than \$90,000 of TFCA funds per ton of total reactive organic gases (ROG), oxides of nitrogen (NO_x), and weighted particulate matter less than 10 microns in diameter (PM₁₀) emissions reduced (\$/ton); b) a score of less than 40 points (out of a possible 100 points for public agencies) and less than 36 points (out of a possible 90 points for non-public entities) based upon the project evaluation and scoring criteria listed in Section II of the Regional Fund Guidance document.
- 3. Consistent with Existing Plans and Programs:** All projects must conform to the types of projects listed in the California Health and Safety Code Section 44241 and the transportation control measures and mobile source measures included in the Air District's most recently approved strategy(ies) for State and national ozone standards and, when applicable, with other adopted State and local plans and programs.
- 4. Viable Project:** Each grant application should identify sufficient resources to complete the respective project. Applications that are speculative in nature, or contingent on the availability of unknown resources or funds, will not be considered for funding.
- 5. Eligible Recipients:** TFCA funds may be awarded to public agencies and non-public entities. Eligible recipients must be responsible for the implementation of the project and have the authority and capability to complete the project. Non-public entities may only be awarded TFCA funds to implement clean air vehicle projects to reduce mobile source emissions, including, but not limited to, engine repowers, engine

retrofits, fleet modernization, alternative fuels, and advanced technology demonstration projects.

6. **Non-Public Entities:** A public agency may apply for TFCA funds for clean air vehicles on behalf of a non-public entity. As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency shall enter into a funding agreement with the Air District and provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District's jurisdiction for the duration of the useful life of the vehicle(s).
7. **Matching Funds:** The Air District will not enter into a funding agreement for a project with an approved grant award until all project funding has been approved and secured. For project applications requesting greater than \$150,000 in TFCA Regional Funds, project sponsors must provide matching funds from non-TFCA sources, which equal or exceed 10% of the total project cost. TFCA County Program Manager Funds do not count toward fulfilling the non-TFCA matching funds requirement. Grant applications for TFCA Regional Funds of \$150,000 or less may request 100% TFCA funding.
8. **Authorizing Letter of Commitment:** Regional Fund grant applications must include a signed letter of commitment from an individual with authority to enter into a funding agreement and carry out the project (e.g., Chief Executive/Financial Officer, Executive Director, City Manager, etc.). Applications submitted without a letter of commitment will be returned to the sponsor and will not be scored if the letter of commitment is not received within thirty (30) calendar days after the application submittal deadline.
9. **Minimum Amount:** Only projects requesting \$10,000 or more in TFCA Regional Funds will be considered for funding.
10. **Maximum Amount:** No single public agency project may receive more than \$1,500,000 in TFCA Regional Funds in any given fiscal year. No single non-public entity may be awarded more than \$500,000 in TFCA Regional Funds.
11. **Readiness:** A project will be considered for TFCA funding only if the project will commence in calendar year 2007 or sooner. For purposes of this policy, "commence" means to order or accept delivery of vehicles or other equipment being purchased as part of the project, to begin delivery of the service or product provided by the project, or to award a construction contract.
12. **Maximum One Year Operating Costs:** For TFCA grant applications that request operating funds to provide a service, such as ridesharing programs, bicycle stations, and shuttle and feeder bus projects, the Air District will provide funding on an annual basis: i.e., the Air District will approve funding for one (1) annual budget cycle. Applicants who seek TFCA Regional Funds for additional years must re-apply for funding in the subsequent funding cycles.

- 13. Project Revisions:** If project revisions become necessary, the revised project must be within the same eligible project category and receive a point score higher than the funding cut-off point, based upon the scoring criteria, for the year in which the project originally received a grant award. Project revisions initiated by the sponsor, which significantly change the project before the allocation of funds by the Air District Board of Directors will not be accepted.

APPLICANT IN GOOD STANDING

- 14. Monitoring and Reporting:** Project sponsors who have failed to fulfill monitoring and reporting requirements for any previously funded TFCA Regional Fund project will not be considered for new funding for the current funding cycle, and until such time as the unfulfilled obligations are met.
- 15. Failed Audit:** Project sponsors who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project may be excluded from future funding. Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been implemented. A failed fiscal audit means an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the project was not implemented as set forth in the project funding agreement.
- 16. Signed Funding Agreement:** Project sponsors must sign a Funding Agreement within two (2) months from the date it has been transmitted to them in order to remain eligible for the awarded TFCA grant. The Air District may authorize extensions for just cause. Project applications will not be considered from project sponsors who were awarded TFCA grants in a previous year and have not signed a Funding Agreement with the Air District by the current application deadline.
- 17. Implementation:** Project sponsors that have a signed funding agreement for a prior TFCA-funded project, but have not yet implemented that project by the current application deadline will not be considered for funding for any new project. The phrase "implemented that project" means that the project has moved beyond initial planning stages and the project is being implemented consistent with the implementation schedule specified in the project funding agreement.

INELIGIBLE PROJECTS

- 18. Duplication:** Grant applications for projects that duplicate existing TFCA-funded projects and therefore do not achieve additional emission reductions will not be considered for funding. Combining TFCA County Program Manager Funds with TFCA Regional Funds to achieve greater emission reductions for a single project is not considered project duplication.

- 19. Employee Subsidy:** Grant applications for projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor will not be considered for funding. For projects that provide such subsidies, the direct or indirect financial transit or rideshare subsidy must be available, in addition to the employees of the project sponsor, to employees other than those of the project sponsor.

USE OF TFCA FUNDS

- 20. Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For purposes of calculating TFCA funding effectiveness for TFCA Regional Funds (Evaluation Criterion #1), the TFCA County Program Manager Funds will be included in the calculation of the TFCA cost of the project.
- 21. Cost of Developing Proposals:** The costs of developing proposals for TFCA funding are not eligible to be reimbursed with TFCA funds.
- 22. Administrative Costs:** Administrative costs (i.e., the costs associated with administering a TFCA grant) are limited to a maximum of five percent (5%) of total TFCA funds expended on a project. To be eligible for reimbursement, administrative costs must be clearly identified in both the TFCA Regional Fund application project budget and in the project funding agreement.
- 23. Expend Funds within Two Years:** Any public agency or non-public entity receiving TFCA Regional Funds must expend the funds within two (2) years of the effective date of the funding agreement, unless a longer period is formally (i.e., in writing) approved in advance by the Air District.

CLEAN AIR VEHICLE (CAV) PROJECTS

Non-public entities may only apply for funding for clean air vehicle projects. No single non-public entity may be awarded more than \$500,000 in TFCA Regional Funds for clean air vehicle projects in each funding cycle.

24. Heavy-Duty Clean Air Vehicles

Eligibility: Heavy-duty vehicles are on-road motor vehicles with a gross vehicle weight (GVW) of 10,001 pounds or heavier. To qualify for TFCA funding, a heavy-duty vehicle project must provide surplus emission reductions beyond the requirements of any applicable State and federal standard or regulation.

Funding Participation: Project sponsors may be awarded TFCA funds to cover no more than the incremental cost of the new cleaner vehicle. Incremental cost is the difference in the purchase or lease price of the new clean air vehicle and its new diesel counterpart. However, public transit agencies that have elected to pursue the “alternative fuel” path

under CARB's urban transit bus regulation may apply for up to \$150,000 per alternative-fuel bus (30 ft. or longer).

Scrapping Requirements: Project sponsors of heavy-duty vehicles purchased or leased with TFCA funds may, but are not required to, scrap an existing operational diesel vehicle within their fleet. Emission reductions associated with scrapping an existing operational diesel vehicle will be accounted for in calculating the overall emission reductions for the project. TFCA funds will not cover the cost of the scrapped vehicle.

25. Reducing Emissions from Existing Heavy-Duty Diesel Engines:

Options available to reduce emissions from existing heavy-duty diesel engines include:

- a) Repowers – To be eligible for TFCA funding, the new engine selected to repower an existing heavy-duty vehicle must reduce emissions by at least 15% compared to the direct exhaust emission standards of the existing engine that will be replaced.
- b) Diesel Emission Control Strategies – Diesel emission control strategies compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:
 - 1) All control strategies must be approved by CARB to reduce emissions from the relevant engine.
 - 2) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the emission control strategy.
 - 3) Diesel emission control strategies must meet the applicable CARB standard for NO₂ emissions when the standard is put into effect and strategies are available that meet the standard.
 - 4) The project sponsor must install the highest level (most effective) diesel emission control strategy that is approved by CARB for the specific engine.
- c) Clean Fuels or Additives – Clean fuels or additives compatible with existing heavy-duty engines are eligible for TFCA funding, subject to the conditions described below:
 - 1) All clean fuels or additives must be approved by CARB to reduce emissions and for use with the relevant engine.
 - 2) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.

26. Bus Replacements: For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than fifteen (15) persons, including the driver. A vehicle designed, used, or maintained for carrying more than ten (10) persons, including the driver, which is used to transport persons for

compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not considered a bus.

- 27. Clean Air Vehicle Infrastructure:** The TFCA Regional Fund may fund advanced technology infrastructure for alternative fuels. To be considered for TFCA funding, the infrastructure must be accessible, to the extent feasible, to other public agencies, private fleets, and the general public.

SHUTTLE/FEEDER BUS SERVICE PROJECTS

- 28. Shuttle/Feeder Bus Service:** Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The route must go to or from a rail station, airport, or ferry terminal, and the project must:

- a) Be submitted by a public transit agency; or
- b) Be accompanied by documentation from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency revenue service.

All shuttle/feeder bus service to rail or ferry stations must be timed to meet the rail or ferry lines being served.

Independent (non-transit agency) shuttle/feeder bus projects that received TFCA funding prior to FY 2004/05 and obtained a letter of support from all potentially affected transit agencies need not comply with “b” above unless funding is requested for a new or modified shuttle/feeder bus route.

All vehicles used in any shuttle/feeder bus service must meet the applicable CARB particulate matter (PM) standards for public transit fleets. For the purposes of TFCA funding, shuttle projects comply with these standards by using one of the following types of shuttle/feeder bus vehicles:

- a) an alternative fuel vehicle (CNG, LNG, propane, electric);
- b) a hybrid-electric vehicle;
- c) a post-1994 diesel vehicle and a diesel emission control strategy approved by CARB to reduce emissions from the relevant engine; or
- d) a post-1989 gasoline-fueled vehicle.

No other types of vehicles, except for those listed in a through d above, are eligible for funding as shuttle/feeder bus service projects.

BICYCLE PROJECTS

- 29. Bicycle Projects:** New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program

(CMP) are eligible to receive TFCA funds. For purposes of this policy, if there is no adopted countywide bicycle plan, the project must be in the county's CMP, or the responsible Congestion Management Agency must provide written intent to include the project in the next update of the CMP. Eligible projects are limited to the following types of bicycle facilities for public use: a) new Class-1 bicycle paths; b) new Class-2 bicycle lanes; c) new Class-3 bicycle routes; d) bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels; e) bicycle lockers; f) attended bicycle storage facilities; and g) development of a region-wide web-based bicycle trip planning system. All bicycle facility projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual.

ARTERIAL MANAGEMENT PROJECTS

30. Arterial Management: Arterial management project applications must specifically identify a given arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funding. Incident management projects on arterials are eligible to receive TFCA funding. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for arterial management projects (excluding expressways and highways) where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more.

SMART GROWTH PROJECTS

31. Smart Growth/Traffic Calming: Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds subject to the following conditions: a) the development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, traffic-calming plan, or other similar plan; and b) the project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District strategy for State and national ozone standards. Pedestrian projects are eligible to receive TFCA funding. Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential and retail areas. Improvements that rely only on driving behavior modification are not eligible for funding.

REGIONAL FUND EVALUATION CRITERIA

FY 2006/07 TFCA Regional Fund Scoring Criteria

Criteria	Maximum Points
1. TFCA Funding Effectiveness*	60
2. Greenhouse Gas Emission Reductions*	10
3. Other Project Attributes*	10
4. Clean Air Policies and Programs**	10
5. Disadvantaged Community*	10
Total	100

* Public agencies and non-public entities eligible to receive points

** Only public agencies eligible to receive points

DISCUSSION

Both public agencies and non-public entities are eligible to receive points under criteria 1, 2, 3, and 5. Only public agencies are eligible to receive points under criterion 4. The maximum possible score for a public agency is 100 points and the maximum possible score for a non-public entity is 90 points. Projects will be ranked by the percentage of total eligible points scored (100 for public agencies and 90 for non-public entities) in descending order. A public agency must achieve a minimum score of 40 points to be considered for funding while a non-public entity must achieve a minimum of 36 points to be considered for funding. In the event that two or more projects achieve an equal score, project ranking will be determined by TFCA funding effectiveness (Criterion #1). The project with the best TFCA funding effectiveness will receive priority.

Available TFCA Regional Funds will be allocated to projects beginning with the highest ranking project and proceeding in sequence to lower-scoring projects, to fund as many eligible projects as available funds can fully cover. The point where the next-ranked eligible project cannot be fully funded defines the cut-off point for the funding cycle, i.e., all projects above this point will be funded. Any remaining available funds are generally allocated to projects in the subsequent funding cycle. No partial grant awards will be made; however, grant awards may be reduced from the original application request by mutual consent of the project sponsor and the Air District.

o **Criterion 1: TFCA Funding Effectiveness: [maximum 60 points]**

This criterion is designed to measure the cost-effectiveness of a project in reducing air pollutant emissions and to encourage projects that contribute funding from other, non-TFCA sources in excess of required matching funds. TFCA funds budgeted for the project (both TFCA Regional Funds and TFCA County Program Manager Funds combined) will be divided by the estimated lifetime emission reductions for the project. The estimated lifetime emission reductions is the sum of reactive organic gases, oxides of nitrogen, and

weighted particulate matter¹ that will be reduced over the life of the project. Air District staff will determine the estimated emission reductions and TFCA funding effectiveness for the project.

The point scale for awarding points for this criterion is presented below.

Point Scale for Criterion 1

TFCA \$/Ton			Points	TFCA \$/Ton			Points
\$0		\$19,999	60	\$56,000	-	\$57,999	41
\$20,000	-	\$21,999	59	\$58,000	-	\$59,999	40
\$22,000	-	\$23,999	58	\$60,000	-	\$61,999	39
\$24,000	-	\$25,999	57	\$62,000	-	\$63,999	38
\$26,000	-	\$27,999	56	\$64,000	-	\$65,999	37
\$28,000	-	\$29,999	55	\$66,000	-	\$67,999	36
\$30,000	-	\$31,999	54	\$68,000	-	\$69,999	35
\$32,000	-	\$33,999	53	\$70,000	-	\$71,999	34
\$34,000	-	\$35,999	52	\$72,000	-	\$73,999	33
\$36,000	-	\$37,999	51	\$74,000	-	\$75,999	32
\$38,000	-	\$39,999	50	\$76,000	-	\$77,999	31
\$40,000	-	\$41,999	49	\$78,000	-	\$79,999	30
\$42,000	-	\$43,999	48	\$80,000	-	\$81,999	29
\$44,000	-	\$45,999	47	\$82,000	-	\$83,999	28
\$46,000	-	\$47,999	46	\$84,000	-	\$85,999	27
\$48,000	-	\$49,999	45	\$86,000	-	\$87,999	26
\$50,000	-	\$51,999	44	\$88,000	-	\$89,999	25
\$52,000	-	\$53,999	43	\$90,000	-	and above	0
\$54,000	-	\$55,999	42				

o Criterion 2: Greenhouse Gas Emission reductions [maximum 10 points]

This criterion will award a maximum of 10 points (sliding scale 0-10 points) for projects that reduce greenhouse gas emissions, such as carbon dioxide and methane. Inherently, projects that promote alternative modes of transportation and reduce single occupant vehicle trips (e.g., transit, ridesharing, bicycling and walking), as well as projects that improve motor vehicle fuel economy, will reduce greenhouse gas emissions. This criterion is designed to measure the cost-effectiveness of a project in reducing greenhouse gas emissions. TFCA funds budgeted for the project will be divided by the estimated lifetime emission reductions of greenhouse gases for the project. Air District staff will determine the estimated emission reductions, TFCA funding effectiveness, and scale for awarding points.

¹ Particulate matter emissions includes tailpipe PM, as well as brake particles, tire particles and re-entrained road dust. Consistent with CARB methodology to calculate PM emission reductions for the Carl Moyer Program, weighted PM emissions will be calculated by adding the tailpipe PM multiplied by a factor of 20, plus the sum of tire, brake, and road dust PM.

o **Criterion 3: Other Project Attributes [maximum 10 points]**

The purpose of this criterion is to provide a mechanism in the evaluation and scoring process to identify and assess desirable project attributes that are not captured in the analysis of TFCA funding effectiveness. Projects may score points under this criterion based upon other project attributes identified for each project type. The specific project attributes for each project type will be identified after project applications have been received and reviewed.

o **Criterion 4: Clean Air Policies and Programs [maximum 10 points]**

The purpose of this criterion is to recognize and encourage efforts of public agencies to implement policies and programs that promote the region's air quality objectives, especially land use and transportation policies that help to reduce air pollution from motor vehicles.

To receive points for this criterion, the sponsoring agency must describe its policies and actions to implement the transportation control measures (TCMs) in the most recently adopted strategy(ies) for State and national ozone standards throughout the agency's jurisdiction. Points will be awarded based upon the performance of the project sponsor in implementing those elements of each TCM, which are within the purview of the sponsor agency. Non-public entities are not eligible for points under this criterion.

o **Criterion 5: Disadvantaged and PM Impacted Communities [maximum 10 points]**

This criterion will award a maximum of 10 points (sliding scale 0-10 points) for projects that directly reduce emissions in economically disadvantaged communities and communities with high PM exposure. For purposes of this criterion, economically disadvantaged communities are defined in a report entitled A Guide to the Bay Area's Most Impoverished Neighborhoods, prepared for the Bay Area Partnership by the Northern California Council for the Community. Forty-six disadvantaged communities throughout the Bay Area are identified in this report. To qualify for points, a project must directly benefit one or more of these communities. The project sponsor must: 1) identify the census tracts in the disadvantaged community that will benefit from the project, 2) specify the percentage of project resources or services that will be delivered to the identified disadvantaged community, and 3) provide a clear explanation as to how the project directly benefits residents in that community. The number of points awarded will be based upon the percentage of project resources that directly benefit the community, and the extent to which the project sponsor demonstrates this benefit.

A PM Impacted Community is any community that falls within the top 60% of total aggregate PM_{2.5} exposure for the Bay Area. PM exposure is calculated based upon annual person-tons exposure for children and elderly within each community. Areas with the highest PM_{2.5} exposure will receive more points. To qualify for points, the grant application must demonstrate that the project would reduce emissions in an Impacted Community.

